



CITY OF SAINT PAUL

Mayor Christopher B. Coleman

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February 12, 2009

Council Members,

As you know, in response to the Governor's January 27th budget recommendations to the legislature, I asked each of our department directors to give me a proposal on how they would move forward with significantly fewer resources.

I am reviewing these proposals now with each department director and weighing the impact of these cuts. I wanted to share with you the proposals so that you can be prepared to deliberate with me on these tough decisions. Your input and insights are important to me as we move forward together.

As each of you know, I fundamentally believe that the governor's cost-cutting proposal takes Minnesota in a direction that most of us don't want to go. I will continue to argue passionately on behalf of our city and on behalf of what I think is a better direction for Minnesota.

But, as mayor of Saint Paul, I must also accept the potential for such cuts and prepare accordingly. I look forward to working with each of you in the weeks ahead.

My priorities during these difficult times are:

- First, to have an open and honest conversation about the cost of city services: no budget games, no fuzzy math — just an honest assessment of what we do, how much it costs and what we can afford.
- Second, to minimize layoffs of city employees. I do not believe the economic situation will be improved by more workers losing their jobs. I also believe that city employees will be called upon with greater frequency in these difficult times to provide services. We will continue to seek new and more efficient ways to deliver those services — much as we did in 2007 when we reorganized our Parks and Recreation Department. At that time, we ceased programming for eight recreation centers, however, by leveraging community partnerships, we have been able to increase the level of service in the centers and provide space for partners such as Blackhawks soccer to expand their programming.
- Third, to bring the community into the conversation to help us shape the changes the city will inevitably undergo. Our best chance at protecting services is to ask

users what they need most. We all love Saint Paul. We are all in this together. We need to work together to keep our city moving forward. I hope you will join me in our two upcoming community conversations.

While it is true that we must deal with the reality of the state of the economy as it is today, for Saint Paul to continue to be great, we must always focus our attention on the future. The decisions we make in the coming months will be guided by a long-term and strategic vision for Saint Paul. It is our duty as leaders during these difficult times to preserve the greatness of Saint Paul for generations to come.

Very Sincerely,
CBC



Interdepartmental Memorandum

CITY OF SAINT PAUL

TO: Mayor Chris Coleman

FROM: John Choi
City Attorney

DATE: February 6, 2009

RE: **SUMMARY OF CAO PLAN FOR 14% BUDGET REDUCTION**

The Office of the City Attorney (“CAO”) has a general fund budget for 2009 of \$6,399,367; therefore its 14% budget reduction amount is \$901,461. About 92% of its general fund budget is salary and fringe benefits, so the great majority of reduction will necessarily come from staff reductions. The General Fund pays for 59.3 FTEs in the CAO. A 14% budget cut results in a loss of 16 FTEs, which is a 27% cut in General Fund FTEs. The break down of lay-offs is 9.5 General Fund staff attorneys out of 31.3 which is a General Fund staff attorney cut of 31%.

The three highest priorities of the CAO are to (1) provide high quality, pro-active legal services to the Mayor, Council, departments and other city clients to meet their goals; (2) provide high quality, successful legal defense of lawsuits brought against the City; and (3) hold offenders accountable by providing high quality prosecution of gross misdemeanor, misdemeanor, and petty misdemeanor crimes, many of which have a direct relationship to the City’s livability and public safety. To meet these priorities, while absorbing a 14% budget reduction, the CAO provides the following strategies.

STAFF REDUCTIONS

To meet the goal, the CAO proposes to cut **\$1,088,858** in salary and fringe benefits. This will result in an FTE reduction of 16 out of a total of 59.3 FTEs in the General Fund, for a 27% cut in General Fund staff. Most of these positions are all occupied with incumbents, so the unemployment compensation cost to the City is \$228,098. After factoring in unemployment costs, the net general fund savings to the City is **\$860,760**. In order to achieve the 14% reduction, the CAO proposes to make the following staff reductions and reorganization strategies:

- Significantly Alter the CAO’s Community Prosecution and Attorney Program. This program assigns three prosecutors to the community, as opposed to the courtroom, to help neighborhoods and police address chronic community problems. In order to meet our prosecution obligations and to ensure adequate consequences for law breakers, all three positions are proposed to be cut. This allows the CAO to maintain its commitment to our core prosecution function. As a result, neighborhoods and the police department will see a reduction in problem solving prosecution strategies that our staff brings to the police and

neighborhoods. In addition, the CAO has recently expanded its community prosecution approach to incorporate civil enforcement tools by assigning an attorney from the civil division to develop legal strategies to solve neighborhood problems. An example of this effort includes sending out warning letters to those who are responsible for nuisance violations and obtaining civil nuisance abatement agreements from those who have violated the law.

In order to continue community prosecution and community attorney services, the CAO will utilize a portion of a special fund attorney and CAO managers (including the City Attorney) to attend community meetings, partner with police on problem solving and work on special projects as time permits. Maintaining this program in some form is a high priority for CAO management. We will develop a more detailed plan to continue our community prosecution and community attorney program as more information becomes available about overall cuts in the CAO.

- Alter CAO's participation in the Joint Prosecution Unit and develop an alternative initiative to jointly screen domestic abuse cases with the County Attorney's Office. The Joint Prosecution Unit ("JPU") assigns one prosecutor from the CAO to the Ramsey County Attorney's Office to provide targeted prosecution of domestic abuse cases that involve children witnesses. JPU prosecutors are cross-deputized so that they may prosecute felony and gross misdemeanor crimes. The CAO will propose to prosecute non-felony JPU cases within our existing domestic abuse prosecution unit, which will continue to comprise of seven prosecutors and a supervisor. It is unknown whether the Ramsey County Attorney's Office will continue this program in the absence of city participation (unlikely). The CAO will continue to prosecute domestic violence, but it will lose the benefits of joint prosecution, which had been successful. In the alternative, the CAO will use federal grant funding (received) to develop a joint domestic abuse screening initiative with the Ramsey County Attorney that will focus on a coordinated approach to charging domestic abuse cases on the front end. Continued discussions with the Ramsey County Attorney will need to take place.
- Reduce criminal prosecution staff. In addition to the Community Prosecution and Joint Prosecution staff mentioned previously, the Criminal Division currently has 16 line prosecutors, 2 supervising attorneys and a Deputy City Attorney. As a result of lay-offs, and transferring attorneys from the Civil and Civil Litigation divisions, the new number for the Criminal Division will be 14 line prosecutors, 2 supervising attorneys, and a Deputy City Attorney. Assuming crime remains steady, the CAO will have less staff time for each matter so the city should expect delays in charging non-custody matters, fewer jury trials, and fewer resources for non-DUI and non-domestic abuse cases. Typically, the criminal division is responsible for prosecuting 15,000 cases per year. The CAO will need to re-evaluate which offenses are priorities and determine whether there are alternative ways in which justice can be achieved. Our commitment to domestic abuse prosecution will remain

and we remain committed to a fully staffed domestic unit comprising of seven prosecutors and a supervisor.

- Reduce civil legal counsel service across the board. Currently, the CAO has seven General Fund attorneys who provide civil legal services. The reduction would reduce that number to six General Fund attorneys and a possible reduction in special fund attorneys (depending on what is proposed by DSI and PED in funding civil legal services). Necessarily, we will need to develop specific strategies to deal with this, but any strategy will involve a reduction in service. Clients should expect substantial delays in some cases.
- Reduce resources for tort defense. The reduction would likely reduce the civil litigation attorneys from six to four and the support staff from five to three and a half. A portion of a civil division attorney would have to be assigned to the civil litigation division to assist on certain types of cases. Assuming the number of lawsuits remain steady, the ability of being able to develop civil defense strategies and in engaging in proactive measures to prevent litigation will be considerably limited because less staff time will be available for each case. Over the long term, the effect would be an increase in payouts, and thus higher funding for the tort liability fund, and a greater use of outside counsel when the caseload is exceptionally high, requiring more funding for the outside counsel account.

NON-SALARY/BENEFIT COST REDUCTIONS

The CAO proposes to reduce a total of **\$45,000** for two technology items: \$30,000 for software upgrades for the ability to write management reports for the Criminal Division's Legal Edge system so that we can efficiently track performance measures; and \$15,000 for front-end consulting for a file management system for the Civil and Civil Litigation Divisions. The loss for the former means the delay or loss of the ability to study the voluminous criminal cases to assure City priorities are being met and to analyze criminal and judicial trends. The loss of the latter means the City will delay or lose the efficiencies and cost savings associated with modern, automated file management systems.

REVENUE SOURCES AND SCENARIOS

The CAO has two short term and one potential long term revenue sources to be considered.

GRANTS

The CAO has received a two-year grant at \$35,486 per year that was not in the adopted 2009 budget. The grant is through the Police Department and is for the purpose of joint screening of domestic abuse cases and working on "gone on arrival" domestic cases. This will, however, require the CAO to allocate a full-time prosecutor to the joint screening initiative. The CAO has also submitted for an additional \$96,000 from the RNC grant, over and above the 2009 budget. Allowing recognition for one year of the Police grant and the additional funds from the RNC grant could replace \$134,486 of

cuts.

CONTINUANCE FOR DISMISSAL AND ADMINISTRATIVE ENFORCEMENT

The CAO is researching the legal and practical issues related to an administrative enforcement program to replace the judicial process for enforcement of certain low-level offenses. The legality of this approach is controversial, but several other Minnesota municipalities have created such systems despite opposition from the State Auditor and Attorney General. Administrative enforcement presents the possibility of increasing revenues for the City but this approach will need to be carefully analyzed from a legal and financial perspective.

In addition, we are in the process of evaluating the practicalities of increasing and re-configuring fees in our CFD program. The CAO expects to present a detailed analysis at a latter date but it is estimated that an additional \$250,000 could be generated after further analysis and study. If doable, the CAO hopes that any increase in revenues could off-set proposed cuts.

SUMMARY

In summary, the CAO will meet the 14% reduction scenario as follows:

Salary and Fringe Benefit reductions	\$1,088,858
Unemployment Compensation	\$ (228,098)
Technology reductions	<u>\$ 45,000</u>
Total	\$ 905,760

This type of reduction in personnel will require a total re-organization of the CAO and our mission. Any lead time in preparing for significant cuts will be critical in serving the public.

Reduction Scenarios - For Planning Purposes

	2009 Proposed	-20% Reduction
City Attorney	6,402,117	(1,280,423)
City Council	2,965,406	(593,081)
DSI	6,326,778	(1,265,356)
Emergency Mgmt	250,835	(50,167)
Fire	51,162,223	(10,232,445)
Gen'l Govt	6,386,205	(1,277,241)
HR	3,422,423	(684,485)
HREEO	1,268,742	(253,748)
Library	17,184,543	(3,436,909)
Mayor's Office	1,577,488	(315,498)
OFS	1,931,503	(386,301)
OTC	9,052,505	(1,810,501)
Parks	27,607,971	(5,521,594)
Police	76,155,366	(15,231,073)
Public Works	2,015,048	(403,010)
General Fund Total	213,709,153	(42,741,831)

DSI Preliminary Proposals for Reductions--Final Draft

<u>Proposed New or Increased Revenues</u>	<u>Amount</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>Ord Chg</u>	<u>Consequences</u>
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Nota Bene--Since Fund 320 is a self supporting fund to cover basic license and permit activities, cuts should only be implemented to cover revenue shortages. On the other hand, additional revenues are justifiable and should be considered. Some of these additional funds can legitimately be used to cover some police expenses related to licensing activities.

1	Increase Admin Fee for Summary Abatements	\$ 660,000	\$ 660,000		We have the analysis ready to go with an ordinance change to implement this increase. Presently we only receive a \$50.00 admin fee and our actual costs are approximately \$125.00.
2	Establish Admin Fee for Utility Shutoffs	\$ 74,000	\$ 74,000		This is the same fee calculated for the increase in properties as the result of the proposed Utility shut off ordinance currently under consideration.
3	New Permit Valuation Criteria	\$ 650,000		\$ 650,000	This new formula has been developed and implemented. A separate explanation will be provided.
4	Increase Fire C of O Fees to cover actual costs	\$ 433,000	\$ 433,000		We have the analysis and justification complete and ready to implement to adjust fees upward.
5	Re-submit the original 2008 License Fee Increase Based on Consultant's Report	\$ 230,000		\$ 230,000	Need we say more about this topic?
6	Charge for Parking Ramp Inspection Program	\$ 100,000		\$ 100,000	Again, we have not collected a fee to cover our substantial costs for inspection parking ramps by the Fire Inspectors and the Structural Engineer.
7	Employee recommended fee increases	\$ 80,000	\$ 40,000	\$ 40,000	There are numerous fees to consider, and a report and recommendation is being developed.
Potential Additional Revenue		\$ 2,227,000	\$ 1,207,000	\$ 1,020,000	

Proposed Reductions

1	Interns--Admin	\$ (4,000)		\$ (4,000)	This will eliminate the support for skyway signage and pigeon control and other general office duties and analysis
2	Paralegal Intern	\$ (13,000)	\$ (13,000)		These services will need to be provided by the CAO, otherwise we will not be able to process summary abatements for nuisance vacant buildings
3	Environmental Health Intern	Not Budgeted			This will increase the workload for the rest of the staff
4	Temporary Custodian, Animal Control Center	\$ (21,000)	\$ (21,000)		This will impact the animal control center and require other staff to do the facility maintenance work
5	Two Temporary Environmental Health Inspectors	Not Budgeted		Ord Chg - 131	This will eliminate the Public Information function and weekend coverage at special events , plus it will increase the workload for remaining staff
6	Provisional City Planner--HPC	\$ (59,000)		\$ (59,000)	Reduces HPC staff by 50% All that will be left is permit review and staffing the Commission
7	Overtime In General Fund	\$ (55,000)	\$ (55,000)		Reduces the number of inspections on vacant buildings
8	Additional Spending Economies	\$ (60,000)	\$ (60,000)		Cuts out parking for managers, all meeting security and hospitality costs for retirement celebrations etc., all out of town travel, most publications, and most local training. This will increase parking on the streets around 375 Jackson and impact parking meter revenue
9	2 Office Managers	\$ (155,000)	\$ (69,000)	\$ (86,000)	Increases workload for all division managers, but we believe that we can restructure the management to be effective, but obviously this will be a huge challenge.

10	Reduced hours for all trade inspectors rather than eliminating 7 trade inspector positions	\$ (868,664)		\$ (868,664)		This represents approximately 15% of the trade inspectors and the loss would be very difficult to absorb. While permit revenues have been down by approximately 20% in 2008, the number of permits has remained the same. The trade unions have offered to reduce their hours up to 32 per week, which if implemented would create savings of approximately \$868,664. DSI has this in writing in concept form, from the Building and Construction Trades Council President, Stan Theis. Obviously, the question that begs to be asked, is whether we can handle the workload with a 20% reduction in hours by all the trade inspectors. We are doing an analysis of our capacity, but essentially we know that when the workload increases substantially, our revenue will also increase. Making the commitment for all of 2009 will be difficult.
11	Mechanical Inspector	\$ (103,000)		\$ (103,000)		This is a trade area that can absorb a reduction in staffing due to a reduction in the number of permits. When permit activity increases additional staff would be needed and justified.
12	Animal Control Officer	\$ (54,000)	\$ (54,000)			No weekend hours at AC Center & no nuisance animal trapping, this reduction coupled with the early retirement noted in number 23 below will be very difficult to absorb.
13	Research Analyst	\$ (65,500)		\$ (65,500)		Reduces Web development and online permit options
14	2 Permit Clerks	\$ (130,000)		\$ (130,000)		Increased workload for remaining staff
15	2 OA III	\$ (86,000)	\$ (86,000)			Increased workload for remaining staff
16	LIEP Insp I	\$ (60,000)	\$ (60,000)		Ord Chg - 34	Eliminates Tall Grass and Weeds enforcement & signs in the ROW
17	LIEP Insp II	\$ (70,000)	\$ (70,000)		Ord Chg - 34	Eliminates Tall Grass and Weeds enforcement & signs in the ROW and the proactive neighborhood sweeps
18	LIEP Insp III	\$ (93,000)	\$ (93,000)		Ord Chg - 409 & 140	Eliminate Gambling Enforcement & the rest of skyway management
19	Police Sergeant	\$ (114,000)		\$ (114,000)	Ord Chg - 409	Eliminates gambling enforcement and the 2% tax that we receive from charitable gambling operators. The amount that we received in 2008 was approximately \$125,000 and only covers the cost of the sergeant and does not cover the other staff involved (LIEP Inspector III and the front counter staff)
20	Code Enforcement Inspector I	\$ (85,000)	\$ (85,000)		Ord Chgs - 34 & 286	Confirms, or adds to the difficulty for the department to respond to low priority complaints like tall grass and weeds, and signs in the ROW, and it also impacts the overall general response time to higher priority neighborhood complaints. Another area that might be impacted is the enforcement of sign regulations, especially minor complaints about litter and tidiness of the signs.
21	Environmental Health Specialist II	\$ (98,000)		\$ (98,000)	Ord Chgs - 293, 366 & 331	Increases workload for all remaining staff. This is a public health professional and together with the other 8 inspectors these staff are charged with food safety. The article in the Minneapolis Newspaper on February 8th underscores the importance of food inspection and food safety. Having said that these positions are critical, we do believe that there is capacity to absorb this reduction as well as the three temporary positions that have also been eliminated for the long haul. However we will have to curtail enforcement of the non-safety related functions that the section does such as enforcing the noise ordinance, processing and monitoring noise variances, and certain special event duties, as yet to be determined.
22	Early retirements & recent resignations	\$ (254,000)	\$ (140,000)	\$ (114,000)		Electrical Inspector, Animal Control Officer, Fire Inspector I-- The elimination of an electrical inspection position can be absorbed at this time due to the slow down in the economy, however we will need to replace the position when the economy improves, hopefully by mid-summer, 2009. The elimination of the Animal Control Officer will be difficult to absorb w/o significant service reductions, such as the closing of the Animal Control Center on weekends, and the elimination of nuisance animal abatement.
23	Voluntary Leave of Absence and/or Salary Reductions (three staff)	\$ (25,000)	\$ (11,500)	\$ (13,500)		Three staff have offered to reduce their hours or salary, and each will be able to manage their workload to reduce the impact on the department.
24	Less: Unemployment Compensation	\$ 248,000				
25	Less Revenue Reduction From Elimination of the Gambling Tax	\$ 120,000				Just like other revenues, the gambling tax may not come in at the amount projected. The 10 year trend has been down substantially.
Total Reductions		\$ (2,101,164)	\$ (783,500)	\$ (1,655,664)		



City of Saint Paul

Interdepartmental Memorandum

To: Margaret Kelly, Director – Office of Financial Services

From: Rick Larkin, Director – Department of Emergency Management

Date: February 6, 2008

Subject: Department of Emergency Management – **Potential Budget Reductions**

Director Kelly;

As directed, I am providing you with a narrative of potential budget reductions and the possible impacts of those reductions from the 2009 Emergency Management Department budget.

In accordance with the directions, I have tried to provide a basic overview of the budget, along with alternative scenarios for reductions and their related impacts.

2009 Budget Overview

The 2009 budget for Emergency Management in the general fund is \$250,835.

The General Fund Budget is allocated as follows:

▪ Salaries	\$156,761
▪ <u>Fringe</u>	<u>\$ 49,479</u>
Sub-Total	\$206,240 (Equals 82.2% of Total GF Budget)
▪ Services Total	\$ 23,890
▪ <u>Materials</u>	<u>\$ 20,705</u>
Sub-Total	\$ 44,595 (Equals 17.8% of Total GF Budget)

The proposed budget reduction allocation for Emergency Management is \$35,212.

Reduction Option 1 –

Reduction Target	\$35,212
Eliminate 79% of Materials/Supplies and Services	\$35,212
Net Amount	\$ 0

Impact to Citizens and other departments –

This option is catastrophic and represents eliminating almost all expenses with the exception of salary. This option is considered to show the extreme impact of imposing a 14% reduction for the department. This option would eliminate electricity and any repairs for outdoor warning sirens, which would result in no functional outdoor warning system for the city. The option also shows the potential for no phones, no office supplies, no training supplies for the department to train other city departments or the public in emergency preparedness. Further, this option results in no training or tuition for staff to establish and maintain the necessary skills, certifications and qualifications to meet Emergency Management planning, training, and exercising requirements.

This option is ranked as Extreme and is not recommended. If enacted, the department will lose the momentum established in creation of the department in September of 2007. The functions of Emergency Management (Prevention/Mitigation, Preparedness, Response, and Recovery) will be seriously limited. With a city of 270,000 plus, only the absolute minimum would be able to be accomplished without the necessary general fund support.

Reduction Option 2 -

Reduction Target	\$35,212	
Reduction of “Non-salary” - Materials/Supplies and Services (Expenses that are not fixed, such as the training categories). Fixed Non-salary items include electricity for outdoor warning sirens.	\$6,609	Coordinator Salary \$ 51,209 Coordinator Fringe \$ 17,096 NI – 2009 \$ 2,955 Total \$ 71,260
Sub-Total	\$28,603	
Reduce FTE of Coordinator Position to .6 FTE (24 hours/week)	\$28,504 savings	\$ 71,260 x 0.6 FTE = \$ 42,756 \$ 71,260 - \$ 42,756 = \$28,504
Net Amount	\$ 99	* may need UE benefits of \$5,886 (\$14,716 x 0.4)

Impact to Citizens and other departments –

This option is also severe. The reduction of “non-fixed” costs allows for the outdoor sirens to be functional, but does significantly reduce training supplies, any training or instruction related costs for the public and basic department. The reduction of the Coordinator FTE will have a corresponding negative result in the productivity of the department. The decrease in staffing will result in an inability of the department to meet the performance outcomes or preparedness of the organization; as the Coordinator position leads the emergency planning and exercise requirements of the city, as well as the Emergency Management Council efforts. The Coordinator also works with the Saint Paul Public Schools and partner agencies such as the American Red Cross and local hospitals.

Non-Compliance with planning and exercise requirements places the city at risk of losing eligibility for Homeland Security and Emergency Management grant funding (current “portfolio” of approximately \$9.6 Million since 2006).

This option is considered severe and is not recommended.

Reduction Option 3 -

Reduction Target	\$35,212
Reduction of CIB amount allocated to Outdoor Warning Siren System replacement (\$880,000 for 2009)	\$192,000
Restore cut to 2009 Operating budget for Siren Repair budget (originally reduced due to new system planned)	\$6,446 (restore budget to 2008 level – needed if entire system is unable to be replaced) ** must be restored for proper/safe operation of the system if system isn’t replaced.
Sub-Total	$\$35,212 - \$192,000 = \$156,788$
Net Amount	$\$156,788 - \$6,446 = \$150,342$ net gain

Impact to Citizens and other departments –

This option is achievable as well as realistic. If capital budget dollars can be used to alleviate the pressure on the operating budget, this would be preferred. This option will allow the Emergency Management operating budget to fulfill the obligations to citizens and other departments to prepare the city organization for response through training, planning, response and recovery. Administration of grant funds will not be negatively impacted as they would be under the other options. The potential negative impact of having 2 outdoor warning systems (old and new) can be mitigated through technology. This system control is able to control the old style sirens and the new style sirens. The operating budget for siren repair will need to be restored to the 2008 level, as the system has been only maintained when absolutely necessary in 2008. The department was able to

secure funding for the outdoor warning system technology, through the Department of Justice. This funding, although not required to be matched with local funds was awarded because of the strong local investment in the new system.

This option maintains the staffing level of the new department and allows grant funds to be maximized in moving the department forward in the manner originally envisioned when the department was created in 2007. By maintaining staffing and general fund support, the department is able to leverage multiple grant opportunities not otherwise available. This will allow the department to focus on the strategic outcomes of a prepared city organization, prepared businesses and hospitals, school preparedness, and individual and family preparedness. By reducing staffing, the strategic outcomes will be seriously impaired. Grants administration and required planning activities will be delayed with any staffing cuts.

This particular option is considered realistic, achievable and preferred of the three presented.

Department overview and impacts –

The Department of Emergency Management has 2.0 FTE assigned to Emergency Management duties. The department has a grant-funded, permitted 0.4 FTE through April of 2009 to supplement the general fund staffing.

Emergency Management provides services through all phases of Emergency Management (Prevention/Mitigation, Preparedness, Response, and Recovery). The department provides services to the community and to other city departments through obtaining and managing grants, providing equipment, training and planning, as well as coordination of response to large-scale incidents and emergencies.

Department staff responsibilities include grant procurement and management functions, training of public and city staff, development and maintenance of the city Emergency Operations Plan (EOP), establishing and maintaining a city Emergency Operations Center (EOC),

The major grant programs that the department works with are: DHS/US Coast Guard Port Security grant, Department of Justice equipment grant, FEMA Emergency Management Performance Grant (EMPG), Metro Region Joint Powers Agreement for Homeland Security and Emergency Management, state Emergency Management grants, the Metropolitan Medical Response System (MMRS), and the Urban Area Security Initiative (UASI) grant program.

The department provides a substantial amount of funding for the city departments (grant portfolio of approximately \$9 Million since 2006), and significant cuts will most likely have an unavoidable, negative impact on the management of grant funds for the city.

I do understand and appreciate the gravity of the current situation facing the city. I look forward to working together with you and the other department directors to find creative solutions to these challenging times.

cc: Deputy Mayor Ann Mulholland
John McCarthy – Budget Analyst



CITY OF SAINT PAUL

Christopher B. Coleman, Mayor

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February 11, 2009

To: Mayor Chris Coleman
Margaret Kelly, OFS Director

From: Tim Butler, Fire Chief

Subject: 14% Reduction in the Fire Department's Proposed 2009 Budget

Dear Mr. Mayor and Margaret,

This memo and the attached spreadsheet constitute the impact of a 14% general fund budget reduction to the 2009 proposed budget for the Fire Department. Fire has a proposed budget of \$51,162,223; a 14% reduction would be \$7,206,914.

The "bottom line up front" is that if such a cut was enacted, it would force me to:

- lay off 56 firefighters by eliminating four fire companies
- lay off three additional firefighters due to bump backs after eliminating a fire district
- reduce daily fire/EMS operational staffing from 113 to 93
- layoff three administrative/support personnel,
- forgo filling the proposed Health and Wellness Coordinator position
- defer the purchase of essential equipment, and
- cancel the 2009 firefighter entrance test

These cuts would have a dramatic and lasting impact on public safety. Such cuts would require a massive reorganization of the department; they would also preclude implementation of the department's Strategic Plan, designed to correct current system shortcomings and address the service demands of the future. These wholesale changes would severely jeopardize the current atmosphere of internal harmony, high morale, and positive labor-management relations.

I have set forth the requested reductions in a series of progressively deeper cut scenarios (tiers) to take us from current staffing levels to the targeted budget goal of a \$7.2 million reduction. Each option results in progressively increased savings, decreased service delivery, and escalating internal disruption and bargaining unit impacts. The attached spreadsheet outlines the financial summary of each option and provides a short summary of each of the options at the bottom of the spreadsheet. I believe that summary is sufficient to frame further discussion.

My previous budget memo (20% contingency plan) provided the impacts of deferring the replacement of Ladder 18, reducing on-duty staff from the proposed 115 to 111, and the impact of not filling the requested Health and Wellness Coordinator position. Below are some additional and significant implications to consider:

Impact on Service Delivery:

The demands for our services continue to rise...*dramatically*. Just in the last year alone, the department has seen a 7% rise in citywide run volumes. Over the last 20 years, our fire and EMS run volumes have increased over 75% without an increase in field resources to match service demands. Our station locations and number of fire/EMS units in service have essentially not changed in over 20 years (we've added Medic 18, but cut Engine 20). Demographic projections through the year 2020 show an ever increasing demand for EMS. The EMS demand by Saint Paul residents - already *twice* the national average - will increase significantly in the next 10 years. Demand for fire/rescue services will also increase, but less dramatically.

The nation's troubled economy will have a huge impact on service demand. As state, county, and local social assistance programs are fiscally undercut, the emergency services sector will be required to step in to provide relief to suffering residents. The Fire Department is the City's only true "all-hazard" response asset. We go on a huge variety of calls – some in line with our traditional services and many that are more unconventional. We are the "jack of all trades" – and we're expected by citizens to be masters of all of those trades. As the economy continues to decline, we will be called to more incidents and a wider variety of situations. Frankly, it's the Fire Department that will largely be responsible for providing the emergent social, health, property, and mental health "first aid" for the failing economy.

Study after study of the Fire department's operations over the last 20 years has stated that the department needs more resources to address the increasing service demands. In spite of those clarion calls, department resources have fallen. We have lost FEO, Captain, District Chief, and Assistant Chief positions and reduced operational support personnel. We have less fire suppression assets in service. Yet – because of the exceptional people of this department – *only* because of the exceptional people of this department - we've attained the highest cardiac survival rate of any city being studied nationally, we knock down fires in the room where they start over 75% of the time, and we had a historically low fire fatality rate in 2008. The department's morale is great, labor-management relations are positive and progressive, and we are moving with a positive, sure direction towards the future.

The fire and EMS system in place is not a mere collection of vehicles and stations sprinkled throughout the city; it is truly a system of interrelated and interactive parts. Every call for service changes the response coverage of both our fire and EMS service, and lengthens the response times for each subsequent call. Cutting one or more fire companies would increase response times, create additional service gaps, and further stress our already overworked system and people. I will show this to you graphically when we meet to discuss the budget.

Service Delivery Options:

The development of this budget reduction contingency plan has spawned heated debate within our department of how to best manage any cuts to personnel, stations, or vehicles. There are advantages – yet significant shortcomings - to our traditional dual-staffed deployment model. Because of our dual-staffed approach, our EMS transport services use four personnel to transport patients to the hospital; in many cases, only two people are needed to transport a properly assessed and “packaged” patient. Alternative deployment models based on a six-person company (4 on the fire rig and 2 on an EMS transport unit) have proven to be successful during pilot programs at both Station 19 and Station 18. Response times stayed consistent or dropped in spite of increasing service demands, the availability of both fire and EMS units increased, and the system improved the availability of surrounding fire and EMS units.

Over the last 19 years, I've looked at our service delivery model from a citywide perspective, and probably have more time “looking at the map” of our coverage than anyone else. As the director of the city's emergency communications center, I saw our system in use on a daily basis and I know the shortcomings and the advantages of our system. As the district chief who responded to the ECC for over a decade and a half to oversee citywide resource allocation during major incidents, I've seen our system during nearly every crisis our city has faced: line of duty deaths in the Police Department, train wrecks, building explosions, major fires, the RNC, special events, and mass casualty EMS responses. In that time I've come to several conclusions:

- In some regards, we operate a part-time fire and a part-time EMS service in this city.
- There are large service gaps in both fire and EMS service for significant portions of time during the day.
- We cannot afford cuts to operational resources – but we need to utilize the resources we have in a more effective, efficient manner.
- Our system is keeping us from reaching our true potential. Our superior results have been achieved *only* because of the personal desire, professionalism, dedication, and hard work of firefighters – they are making up for system shortcomings. We need to fix our delivery system for their sake.

I have also read a long litany of consultant studies about our department and our department's recommendations and strategic plans developed to address change. My professional judgment tells me there are ways to make system improvements. Any budget reductions will mandate those changes; we simply cannot maintain our current operational model and do more with less.

I have discussed possible reorganization scenarios with labor leaders, union memberships, and operational leaders. The time constraints of preparing this contingency planning scenario prohibits a thorough discussion within the strategic planning process and threatens to undermine both labor-management relations and considered, thoughtful, decision making based on risk-benefit analysis, demographic projections, and measured results of our Pilot Program. We have invested considerable time and effort into building a strategic planning process to address systemic operational changes. That process has proven invaluable for making safe, effective changes to Fire's organization, and it has helped restore positive labor-management relations. Regardless of the ultimate funding level provided, I strongly prefer to design system changes within a strategic planning process composed of labor and management representatives who are committed to making systemic service improvements.

The department's Strategic Planning Team was set up specifically to address the long-term needs of the citizens and the long-term changes in the department. Every service delivery model has inherent advantages and disadvantages, but it is my professional judgment that changes should follow these general principles:

- Maintain "full staffing" of 4-person fire suppression companies (a critical factor in reducing both firefighter and civilian injuries, reducing property loss due to fires, and reducing sick leave use and job related injuries).
- The use of 2-person EMS transport units (a standard in most other EMS systems).
- Everyone in the department must be *fully* engaged in both ALS/BLS service delivery and fire suppression activities.
- Maintain an all-hazards service approach (Fire, EMS, Hazmat, and technical rescue).
- A transition to a system where there is an ALS fire suppression unit and an ALS EMS unit in every station, beginning in those locations that currently have a single company performing both functions.
- Focus assets on the high-demand, high-risk areas.

Policy makers need to understand that these changes will significantly impact workers, and the Fire Chief must be provided with sufficient financial backing to fairly and adequately negotiate those impacts.

Impact of cutting a fire district:

Cutting a fire district creates, I believe, an unacceptable risk to citizens and firefighters. Command officers provide oversight and direction at incidents requiring a "full assignment" of fire and EMS units. Cutting a fire district would put firefighters and civilians at risk at any working fire incident. Fire service literature is replete with recent and deadly examples of firefighter "near misses," injuries, and line-of-duty deaths caused by a lack of adequate emergency scene supervision. Chief officers ensure that proper direction, accountability, and a safe and manageable span of control is in place at incidents. A working structure fire in Saint Paul requires a minimum of 2 command officers (incident command and safety officer). A multiple alarm fire typically requires 3 command officers and the recall of chief officers from an off-duty status. Fire captains are certainly capable of performing these tasks when needed – but I need the captains to supervise and direct their individual fire company personnel; I need chief officers to provide oversight and direction to the overall incident.

Impact on Diversity:

Cancellation of the 2009 Firefighter test eliminates our only opportunity to diversify the department. If cancelled, I recommend setting a firm target date for reinstatement of the test. Recruiting efforts will continue in spite of test cancellation, but by not having a specified date for the test, recruiting efforts would feel, understandably, half-hearted at best. The current firefighter list expires in the summer of 2009 and would have to be extended by a waiver of Civil Service rules.

Cutting one or more fire companies will have a dramatic impact on current diversity within our ranks. Such cuts will also have a significant impact on the number of paramedics in our service, and cuts deeper than one company would threaten our ability to effectively run the paramedic service and threaten the \$12 million revenue generation from that service. Here is a summary of the impacts of layoffs on diversity and paramedic numbers:

- A one company reduction (14 FTEs) would involve layoffs of 3 Hispanic males and 2 paramedics.
- A two company reduction (28 FTEs) would involve layoffs of 1 Black male, 4 Hispanic male, and 1 female, and 13 paramedics (cumulative totals for 2 companies).
- A 3 company reduction (42 FTEs) would involve laying off 2 Black males, 4 Hispanic males, 1 female, and 23 paramedics (cumulative).
- A 4 company reduction (56 FTEs) would involve laying off 3 Black males, 5 Hispanic males, 2 females, a Native American male, and 26 paramedics.
- Cutting a fire district would involve the layoffs of three paramedic chiefs (1 white female and 2 white males).

I look forward to discussing these impacts with you more completely when we meet. Please let me know if I can provide additional details or explanations for the items contained in this memo.

V/R
tmb

Electronic attachment: Financial Spreadsheet



City of Saint Paul
Interdepartmental Memorandum

To: Mayor Christopher Coleman
Ann Mulholland, Deputy Mayor

C: Margaret Kelly, OFS Director
John McCarthy, OFS Budget Analyst

From: Angela Nalezny, Human Resources Director

Date: February 5, 2009

Subject: **Human Resources 2009 14% Budget Reduction Strategy**

Attached please find the spreadsheet listing the budget cuts Human Resources is proposing to meet the \$482,187 target cut.

The cut scenario presented is the best plan for HR and the City for 2009 and possibly into 2010. The cuts have been proposed on a seniority basis, but they are primarily in the area of staffing. With the hiring freeze, the workload in this area has nearly come to a halt. However, the City will hire again. When that occurs, different decisions will need to be made. I will need to both cut in different areas and redeploy or move persons around in HR.

HR's highest priority work is:

1. Attract, develop, and retain a diverse, professional workforce.
2. Increase City Departments' ability and capacity to perform through HR consulting in the areas of organizational development, labor relations, manager/employee coaching,
3. Reduce/slow the growth of health care and workers compensation costs.

With FTE cuts of nearly 50% at all levels of HR staff in the last ten years, the services that remain in HR have been streamlined to a basic level. Our core service analysis shows there is very little work HR is doing that we could stop because of the variety of regulations that govern and mandate our work: Civil Service Rules, Labor Contracts, State and Federal laws, and Worker's Compensation Rules and laws.

Increased efficiency, streamlining processes, and technological improvements have helped overcome some of the loss. In many cases, there has been and continues to be a shifting of HR functional responsibilities to the City departments.

Because of the foregoing, the strategy listed below will continue this trend of shifting functional work to the departments. This is a significant concern because the more decentralized HR becomes the more inconsistent and less standardized our systems become, e.g. inconsistent enforcement of labor agreements, civil service rules, and city policies. Over time an imbalanced system of hiring and promoting, deviating from appropriate work rules, or treating individuals inconsistently results in an increase in the number of hours spent attempting to problem solve issues raised administratively. Or, this inconsistency results in an increase in grievances, arbitrations, Civil Service Commission appeals, and lawsuits. Neither of these scenarios is healthy or cost-effective for the City.

Reduction Strategy:

As described above, the short-term plan is one of practicality. During this hiring freeze, recruitment and selection services are not needed to the degree they are when operating in more “normal” times. When City hiring increases, I will at that time need to cut Citywide training, an additional manager position, and reorganize duties throughout HR. This will affect the other areas of HR: workers compensation, risk, benefits, labor relations. All of these decisions are bad for the City. It will also delay the City’s ability to build organizational development services.

Impact

- **Recruitment and Selection.** When hiring comes back on-line, I will restructure the process and procedure of recruitment and selection, requiring line departments to take over more of the recruitment and selection process. In this strategy, departments will be required to conduct their own application reviews, qualifications ratings, and training and experience ratings. This is a direct service reduction to line Departments and Offices and will add to their workload whenever they need to hire. HR will continue to coordinate these processes, but will have less direct responsibility for all components of the recruitment and selection process.
- **Development and Training.** The four Citywide Development Academies (Advanced Manager Academy, First Line Supervisors Academy, Professional and Technical Academy, and Administrative Support Academy) currently offered are one of our most effective strategies to promote organizational and individual effectiveness.

In addition to the Citywide Development Academies, other citywide training and development would also be eliminated, namely: Project Management, New Employee Orientation, and Network Saint Paul. Again, these are opportunities offered Citywide to promote organizational and individual effectiveness.

Development and training, however, is not something HR is *required* to do.

- **Organizational Design Consulting.** HR is frequently requested to assist and guide departments as they restructure and reorganize their operations. Today we do this to a far less degree than we were once able and that we had hoped to be able to provide in 2010. This organizational design consulting involves helping managers think strategically and systemically, challenging them to problem solve in an effective manner, and coaching managers through the change process. Eliminating this consulting service will directly affect organizational effectiveness and efficiency.

In the future, the efforts to restructure and reorganize departmental operations will need to be done solely by the department. This is a direct service reduction to line Departments and Offices and will add further to their workload. HR will still ultimately become involved in helping the departments implement job classification changes, however, the results may not be the most cost effective approach to be undertaken.

Reduction Options for HREEO 02/05/09

General Fund Reduction Target Amount: \$190,698

OPTION 1

A.	Eliminate spending for consultant services	49,000
B.	Eliminate vacant Asst. to the Mayor position (in Contingency)	85,030
D.	Eliminate vacant CAS Director Position (City Share)	46,680
Total		180,710

Reduction Target for Special Fund: \$349,878

HREEO Special Fund receives revenues from the City's general fund for CAS services as well as from Ramsey County. There are limitations to implement reductions within the special fund that will ultimately generate a savings for the general fund. The following are areas where the HREEO special fund can free up general fund resources.

OPTION 1

- | | | |
|----|--|-----------------------------------|
| A. | Eliminate Program Admin position in special fund and
Shift Human Rights Director position from GF to special fund
(Transfer from PED pays for the Program Admin. Position and will instead pay for the
HREEO Deputy Director position.) | 126,112 |
| B. | Reduce amount of funding for payment to subcontractors but maintain total \$350,000
transfer from PED. | Range \$50,000 - \$350,000 |

Option 1 Implications and additional recommendations

- The payments to subcontractors (B) is the program resources of the successful and highly visible Minority Business Development and Retention **MBDR** initiative This program in 2008 assisted 694 minority and women owned businesses, sponsored the Construction Partnership program that linked minority owned businesses to \$60,000,000 in actual contract awards and contributed significantly vendor outreach contract awards generated by the City and HRA .

- The major MBDR subcontractors are local minority based organizations (Neighborhood Development Center NDC, Selby Ave CDC, Women Venture , Metropolitan Economic Development Association MEDA ,Ethnic Chambers of Commerce and the Ethnic Media companies and others) The level /range of the reduction of subcontractors resources could affect the delivery of the service by the organization

Other Recommendations relate to HREEO and both the general fund and special funds:

- All printing is to be routed through Riverprint .Riverprint is 50% less than outside printing shops and has all of the capabilities the City needs. The money paid for the printing would go directly into the Riverprint Special Fund. If the printing job is not suitable for Riverprint, it still needs to Riverprint as the print buyer and we have to follow the competitive bidding rules. . This includes briefs for the City Attorney. RP is doing Ramsey County Attorney work now and does not have any problems turning it around.
- All paper purchases are to be made through Riverprint. Paper is competitively bid continuously and we are getting the best prices direct from the paper mills.
- All office supplies are to be purchased through the S&T office supply master contract. This contract gives us on the average the best prices to be found in the area.
- The sustainable committee has recommended purchase of recycled toner cartridges which are about 50% less than current costs. This should be implemented immediately.

Narrative Summary

Revised February 3, 2009

The Library is guided by its strategic focus areas within the context of the Mayor's strategic plan for the City of Saint Paul. In the recent Performance Measurement workshop we further summarized those guiding principles to reach four outcomes on which we would focus during 2009. They are:

- Early literacy: Getting every child ready to read by kindergarten
- Increasing employability skills specifically in the areas of job seeking, technology competencies and access to information about post secondary education.
- Supporting youth in educational and social development
- Creating a productive customer experience

All of these outcomes are dependent on a strong, capable, well-trained staff; robust technology; and the ability to rigorously promote our services to the community. In order to achieve these goals, the following principles have guided the development of reduction scenarios:

- Libraries with computer labs and homework centers will remain open.
- Libraries will be considered for closure if they are underutilized and/or are in close proximity to other libraries with computer labs or homework centers. Alternate service models will be explored wherever possible.
- All libraries will have standardized hours that maintain/add some morning hours and critical afterschool hours.
- All services will be scrutinized to value and effectiveness and those that meet the grade will be heavily promoted.

Reduction Target: \$2,156,835.00

Summary of reduction strategies:

1. Close one branch
2. Reduce, standardize and reprogram hours across the system to 48/week in neighborhoods; 52 hours in four geographically dispersed and larger libraries. Reprogram Bookmobile to modify service delivery
3. Reduce the staff complement in the Materials Management Center
4. Reduce the materials budget by \$400,000
5. Eliminate high level Administration position vacant due to retirement.

Strategies to meet 14% target:

The first four Strategies result in savings—all of it in salary and benefits. The reductions are distributed across all bargaining units and Wards of the City. The Library has considered several different options to reach this target and all of them involve both laying off and re-distributing staff to accomplish stated goals. As a result, it is difficult to attribute a certain number of staff to any one location. The reduction summary of staff loss .

	FTE 2009	FTE Proposed	Loss	Anticipated Unemployment Exposure
Personnel	185.4	156.3	29.1	\$322,280.40

1. Strategy: Close one branch

Select one branch that meets the following criteria: no lab or homework center; underutilized or in close proximity to other libraries offering those services. At this time, this scenario assumes the necessity of retaining the building and the costs associated with heating and protecting it. Collections, hardware and furnishings could be redistributed to other buildings.

Service Implications: All libraries are neighborhood institutions—both icons in the community and information/recreation resources for their customers. If a library were to close, customers would need to travel further for service; schools may not have as ready access to resources; a building would be vacant. Our surveys have told us that mobile customers already use multiple libraries, but children, seniors and economically disadvantaged would be impacted most. The Library is committed to serve all neighborhoods with an array of services.

2. Strategy: Reduce and standardize hours across the system

This scenario also involves loss of staff salaries and benefits to meet the reduction target.

Service Implications: Currently the Library is open 730 hours per week over seven days. This plan would reduce that total to 621.5 still over seven days. The Library would standardize hours and schedule them to meet the greatest needs for the greatest number of customers. This would reflect a balance between morning and evening hours and would maximize the availability of computer labs and homework centers. Work with Parks and Recreation to maximize service to under-served neighborhoods by providing a more consistent, comprehensive and coordinated program.

The Library will expand mobile services to enhance efficiencies and service delivery. We will create a small cohort of staff who will provide early literacy programming, job and computer skills training in libraries and other community spaces. We will retool the Bookmobile schedule and coordinate service with Parks and Recreation Mobile Recreation Service to maximize service delivery in neighborhoods where library hours are reduced.

Staff in neighborhood libraries are encouraged to become an integral part of the communities they serve. Their partnerships will feel the loss. Finally, diverse staff have less tenure and this cut will eliminate many years of building capacity to serve communities of color.

3. Strategy: Reduce Staff Complement at Materials Management Center

This strategy also involves loss of salaries and benefits to meet the reduction target.

Service Implications: The staff at the MMC select, receive, catalog, process and ship all materials circulated at all agencies. They also provide InterLibrary Loan Services to MELSA and the State. Loss of nearly 50% of their staff will slow these essential services and profoundly impact customer service.

4. Strategy: Reduce Materials budget by \$400,000.

This strategy will impact the entire system and limit the number of materials available to customers.

	Current	Proposed
Materials	\$1,206,053	806,053

Service Implications: Any reduction in the materials budget has a negative implication for customers across the Library system. This reduction accounts for approximately 1/3 of the collection budget funded by the General Fund. However, this needs to be balanced with the deep cuts to staff whose expertise is necessary to acquire, catalog, transport, maintain, recommend and use the collection for the good of the community. Without this reduction, staff loss would be significantly greater.

An important factor to keep in mind for 2009—2010, is that the Ramsey County Library's Roseville Branch, with the highest circulation in the state, will be closed for renovation. SPPL has already been strategizing how to absorb many of those customers and will have to do so with a smaller collection budget, few staff and hours.

5. Eliminate high level Administration position left vacant due to retirement.
This strategy involves loss of salary and benefits.

Service Implications: The Technology Support Manager acted as Deputy Director and managed most of the day to day library services for the system. The loss of this position will have profound negative effect on the ability of Administration to respond as quickly as it has in the past to challenges and opportunities and to the needs of the customer. It will also affect the public service team who have looked to this manager for leadership.

Other Scenarios to be further developed:

Perform cost/benefit analysis of increasing pre-processing of materials to decrease staff costs in the Materials Management Center.

Work with Parks and Recreation to explore using recreation centers at pick-up locations for library materials, locations for library programming and small, self-service popular libraries.

Implement cost saving strategies that include decreasing mailed materials for a savings on postage; subscribing to a service that gives us access to the information that will result in greater revenue recapture efforts; and reducing the limit on fines/fees that we pursue in revenue recapture and that allow usage of the libraries resources.

Mayor's Office:

The Mayor's Office work is guided by the Mayor's Strategic Plan, focusing the bulk of its efforts on:

- Ready for School, Ready for Life
- Safe Streets and Safe Homes
- Expanding Economic Opportunity
- Quality Way of Life for Residents of Saint Paul

The Mayor's office will continue to provide high-quality constituent service to residents and staff of the City of Saint Paul.

Mayor's Office Reduction Target: \$221,444**Reduction strategies:**

- Effective immediately, eliminate 2009 Cost-of-Living Adjustments (\$38,198)
- Effective February 23, reduce all Mayor's office and IGR salaries, including the mayor, by an additional five percent. (\$65,256.33)
- Effective February 23, eliminate the Director of External Affairs Position (approx \$126,000 with fringe)
- Effective immediately, eliminate staff travel (\$1200 in 2008, includes mileage)
- Effective immediately, eliminate 2 newspaper subscriptions (\$218)
- Effective immediately, cut office supply budget in half (\$600)

Additional Strategies:

Effective March 30, eliminate 1.5 FTEs and reduce education team salaries, moving **\$85,000** in grant funds to libraries.

Reduce Intergovernmental Relations budget by **\$20,000**, including 5% salary reductions from two staff and the reduction/elimination of lobbying contracts.

Reduce mayor's office salaries paid for by other departments, moving **\$10,000** to OTC, Parks and PED.

Continue to work with foundations to raise outside funds continuing to leverage funds like the \$2.45 million secured for Central Corridor planning



City of Saint Paul
Interdepartmental Memorandum

To: Mayor Chris Coleman
Ann Mulholland, Deputy Mayor

CC: John McCarthy, OFS Budget Analyst

From: Margaret Kelly, Director, OFS

Date: February 9, 2009

Subject: OFS 2009 Budget Reduction Strategy

The target for OFS includes a 14% General Fund reduction of \$272,000 and a 10% special funds reduction of \$155,000. I have several proposals.

1. Forgo the two new positions (grants manager and financial operations manager) that were included in the 2009 adopted budget. While these are key positions to improving financial management practices across the city, they are currently vacant and would not require a layoff. (\$251,000 annual GF savings)
2. Eliminate a vacant Real Estate (RE) position that processes summary abatement assessments. The Assessment unit will absorb the work of this position. This position is a non-general funded position that can translate into GF savings. (\$57,000 annual savings)
3. RE special funds consist of design work that is billed to the Design Center, which is funded in Parks from the GF. The City should evaluate its relationship with the Design Center. The impact of this on the OFS budget is 2 positions and \$98,000.
4. Reduce materials and supply budgets by \$22,000.
5. I am evaluating our Energy Conservation Investment program to see if we can achieve any of the anticipated savings more quickly. I will come back with a proposal if it is viable.
6. In addition to the reductions above, I will need to make strategic investments in the next several months to better understand how to leverage OFS to provide city-wide services.
 - a. Invest in an organizational assessment for OFS. While Real Estate has been a part of OFS in the past, the functions of this unit have not been

fully integrated into the Office. Asset management city-wide needs to be strengthened. The design group works on behalf of other departments, but there is similar work being done in PED, Parks, and PW. There could be opportunities for greater efficiencies. The assessments function of RE processes billing for services (primarily street improvements). There could be opportunities for greater efficiencies with the accounting or treasury units.

- b. Invest in an indirect costs study. The City currently has a “central services” charge for capturing the cost of providing financial and HR services to the “special funds”. An indirect cost plan is similar; it allows the City to capture its overhead costs from federal grants. My expectation is that this strategy could help finance the key positions being eliminated in this plan.
- c. Invest in an ERP system, and leverage the implementation to create a centralized structure for financial management city-wide that will be in place as we “flip the switch” on a new system. Our investment in an ERP system is critical. There are many operational efficiencies that we are not able to consider because of our antiquated systems. We are limited in our ability to evaluate and enter into partnerships for services because of the limits of our existing systems. Most importantly, we are not able to give department managers the tools they need to manage their budgets effectively, which is more important now than ever before.



Interdepartmental Memorandum

CITY OF SAINT PAUL

To: Mayor Coleman
Ann Mullholand, Deputy Mayor
Margaret Kelly, Director of the Office of Financial Services

From: Andrea Casselton, Director of the Office of Technology and Communications

Date: February 6, 2009

Subject: OTC Budget Reduction Strategies – Preliminary Suggestions

OTC Assigned Reduction Amount: \$1,425,361.00

The following memo provides details on the budget reduction strategies proposed by OTC to meet the OTC reduction amount as assigned by OFS.

OTC faces some challenges as a central service department, in that some of the reductions proposed are dependent on decisions made by other City departments. Once strategies are finalized in other City departments, OTC will be able to fine tune the dollar amounts associated with the proposed reduction strategies.

OTC Highest Priority Work

- Implementing COMET
- Implementing LANDesk
- Work on producing the Outcomes generated in the Mayor's Performance Management retreat.
 - o All residents will have access to affordable high-speed broadband and know how to use it.
 - o Internal and external City customers know what services and information are available to improve the quality of their lives and can engage city services 24 x 7
 - o The city is increasingly effective and efficient in its operations due to OTC driving enterprise business process improvements that are aligned with strategic city objectives.
- Continue moving OTC forward in creating an organization that creates City wide efficiencies through the use of technology and guides the City in making wise investments in technology. To that end, OTC will:
 - o Organize around functional areas (not departments) - Standardization
 - o Implement a Project Management Office – On time/on budget
 - o Implement a Portfolio Management strategy - Value
 - o Shift focus from customer service driven to value/efficiency driver

- Take a more external view and ownership
- Pro-active architecture – Create systems and not just a collection of stuff

Reduction Ideas

Ongoing Savings

Items : Reorganize OTC around functional areas not City departments. This includes implementing a Project Management Office that will prioritize projects according to ROI and Value as well as manage projects from beginning to end to ensure that projects are completed in a timely manner and meet requirements. Functional organization will ensure that operational work is streamlined and help free up time for new implementations and innovation.

Impact: This will streamline staff and help absorb the effects of reduced FTEs. It will ensure that City resources are being allocated to the projects with the biggest ROI. Elimination of staff will reduce the volume of work OTC can accomplish.

Reduction:

Strategy	2009	2010
Vacant Positions Reductions	\$344,662	\$389,791
Layoff Reductions	\$268,082	\$645,833

The final configuration of positions that would be included in a layoff is dependent on the budget reduction strategies of other City departments.

The Vacant Position amount includes the elimination of a \$75,000 (Item #1) increase given to IS in the 2008 budget to potentially increase the pay grades of the Info Tech Class series. A study done by HR showed only a minor discrepancy in some of the grades compared to current market rates. OTC will forgo changing the pay scale for this series at this time.

Layoff reduction amount for 2008 reflects the cost unemployment and assumes the salary savings starts half-way through the year.

Item: Reduction in overall City staffing levels will reduce the number of PCs needed. The PC replacement program for 2009 can be reduced by the number of vacated positions and the existing PCs re-distributed to staff whose PCs have reached the end of their lease.

Impact: This will cause more work for IS staff but is manageable.

Reduction: A reduction in 100 PCs will generate an annual lease savings of \$44,285. Once the number of City wide staff reductions are known, this number can be re-evaluated and a more accurate number calculated. Depending on the total number of city wide staff reductions, there maybe software licensing savings in 2010.

Item: Reduction in IS PCs. A large number of IS personnel have two desktop PCs. One is for their general office and development work and the other is used to replicate user equipment for testing and problem resolution purposes. IS can either set up a testing lab for these purposes or attempt virtualization of the desktop of IS personnel (putting more then one PC image on a PC). IS also has a small surplus of machines that are used for temporary purposes such as interns and special projects. The PC replacement program for 2009 can be reduced by approximately 50 PCs by redistributing the secondary IS staff equipment and surplus PCs.

Impact: This will cause more work for IS staff but is manageable.

Reduction: A reduction in 50 PCs will generate a 2009 PC lease savings of \$23,000. These extra PCs are currently being distributed to other departments, allowing them to hold off on a new PC lease for a year.

Item: Migrate City PC leases from 3 year to 4 year lease. Due to the increased reliability of PCs

and the more favorable 4 year PC leasing rates, OTC recommends that the City begin using a 4 year lease and replacement cycle instead of the current 3 year cycle.

Impact: The full impact of the savings will take 4 years to realize, the four year savings amount is \$150,000. Going to a 4 year lease will also reduce the number of PCs replaced each year and reduce the amount of work for OTC staff.

Reduction: 2009 - \$19,500
2010 - \$57,000

Item: PC Replacement (Internal vs. External) – The change of lease holder from Winthrop to US Banks resulted in a major process change for returning PCs. With Winthrop, the City paid for a third party vendor to “pallet wrap” the machines and move them to a depot location specified by Winthrop. The US Bank agreement calls for the City to return the equipment in boxes. We now internally package the machines for return using the boxes of the new replacement machines and we arrange for our own transportation to a US Bank designated site.

Impact: Internally preparing the machines for return adds an additional step for staff, but can be cost effectively handled by the lowest level technician. Average cost for returning a PC has dropped from roughly \$65 per machine. Returning the equipment in boxes provides more protection for the equipment and has decreased the number of damaged items we must pay for.

Reduction: \$35,000

Item: Cheaper machines/cheaper leases – The actual annual lease payments for machines replaced in 2007 and 2008 are less than budgeted due to a combination of reduced machine costs and reduced interest costs.

Impact: The lease costs for 2007 and 2008 are stable only for one and two years respectively. Lease payments will change when the machines are replaced and could be more than what is budgeted.

Reduction: \$46,000

Item: Eliminate overtime pay, only allow Comp. time.

Impact: Overtime pay is an incentive to get staff to put in extra hours to accomplish projects, and with only comp time offered, there will be less willingness for overtime and therefore overall capacity of the department will be diminished. Comp time may remain on the books longer than desired because of coverage shortages and staff cannot take comp time. May create a problem with after-hour response to CAD issues, staff may no longer be willing to carry pager and they will have to be assigned. May be able to mitigate issue by shifting work hours to include a 4 p.m.- Midnight shift. Comp time also creates staffing and coverage issues when it is redeemed.

Reduction: \$37,025

Item: Centralize Server Ownership and Data Center Management. City departments still own some servers while IS owns and manages the rest. OTC recommends that all servers be owned and managed by IS. This will allow IS to aggressively pursue server virtualization (putting more than one application on a server), standardizations and “right sizing” boxes for overall, long-term cost reduction. OTC recommends also coupling this with turning over all data centers to IS for management (they are still “owned” by Library, PW and SPPD). This will allow IS to aggressively manage the equipment placement, etc. Need to work out cost sharing through Central Service charges or some other form of metric.

Impact: More consistent service throughout the City, better planning for COOP and overall cost reductions.

Reduction: Cost reductions include less hardware, less staff time, and energy savings. Lease savings beginning in 2009 from virtualizing 5 servers scheduled for replacement is \$5,100. Power savings associated with elimination of these servers is estimated at \$900. Virtualization will have a bigger impact in 2010 when more leased servers are scheduled for replacement.

Note: A plan regarding transfer of Data Center Management to OTC is currently being

developed and should be available for the OTC budget meeting 2/19. Long-term savings for the City will be significant; however it may involve some up-front costs.

Item: General reduction of Media Services budget (i.e. training and supplies)

Impact: Minimal impact to services.

Reduction: \$5,000

Item: Consolidate cell phone billings and reduce shared pool of minutes through Sprint.

Impact: No impact to services.

Reduction: \$4,320

Item: The City currently allocates \$25,000 per year to subsidize the hanging of banners for non-profit organizations. The funds are generally allocated on a first come, first served basis except for a \$5,000 annual contractual obligation to the Minnesota State High School League for tournament banners. Recommend that \$20,000 of the subsidy be eliminated.

Impact: May reduce the number of banners displayed on light poles and skyways.

Reduction: \$20,000

Item: General reduction of GIS budget (i.e. training and supplies)

Impact: Minimal impact to services.

Reduction: \$9,500

Item: Reduce dollars allotted for staff training. OTC puts a heavy emphasis on ongoing training for technical staff to ensure that staff stays abreast of new technology and industry best practices. Propose that the amount allotted be reduced from \$80,000 to \$30,000.

Impact: Training is important to increase the skills of technical staff. For the short term OTC will leverage as much online training, peer training and other lower cost options as much as possible, but OTC is committed to increasing this again when possible.

Reduction: \$50,000

One-Time

Item: Tow Lot application development. This contract for \$117,000.00 is slated to be awarded to an outside vendor. If SPPD chooses to go ahead with this project, OTC suggests that instead of awarding to an outside vendor, have IS staff develop the application and charge salary to the budget set aside for the project.

Impact: IS staff would need to reprioritize work to get this done; however, the advantage would be that the project amount could go to offset staff salary costs for 2009.

Reduction: \$117,000.00

Item: The Human Rights Office has 2008 funding set aside to possibly hire B2GNow to put in online vendor portal. In light of the City's intent to invest in an ERP system and budget constraints, it is recommended that OTC build an internal application that allows HR to consolidate and normalize their data and give interim functionality. Redirect the money set aside for B2GNow to OTC to offset the salary of the developers. When the ERP is implemented, the data would be rolled into the new system.

Impact: IS staff would need to reprioritize work to get this done; however, the advantage would be that the project amount could go to offset staff salary costs for 2009.

Reduction: \$60,000 (Need to verify \$\$ with HR)

Item: \$130,000 was set aside to upgrade the AV equipment in Conference Rooms 40 A & B. Approx \$27,000 has been spent in 2008. The rest of the upgrade is slated for 2009. Recommend that the upgrade be scaled back.

Impact: Plan will be scaled back; therefore, some features will not be available, but should be able to preserve a basic level of presentation service.

Reduction: TBD . Staff is working on a plan.

Other Ideas

- OTC's 2009 plan included an assessment of our desktop software. The City has a 6-year lease, ending in 2010, on MS Office Suite which costs \$190,000 a year. The intent has been to look at other options, including open source software, to see if costs can be reduced. OTC will accelerate this project, but savings will not be recognized until 2011.
- Recommend that OTC take over the administration of all software licensing in the city. The new LanDesk tool will allow staff to run reports on actual usage of software to help ensure that the appropriate number of licenses is being purchased. OTC anticipates that the City should be able to reduce the overall number of licenses it purchases and reduce costs by redistributing software to those who actually are using it, taking advantage of "pooled" licenses where available and coordinating bulk purchasing of licenses.
- The City currently pays Ramsey County \$22.75 per phone for phone service, which is about \$68,000 per month. The County charges \$35.00 per hour for Add/Move/Change work. There are additional departments that do not use the County system. OTC recommends that the City look into a phone and voice mail system replacement. It is recommended that a comprehensive telecom audit be performed to look at landlines as well as cell phone, PDA data services and air cards. Policies are inconsistent across the City and there is no coordinated bulk buying of services. Recommend a significant study that looks at all City telecom services and develops strategies for cost savings.

Notes:

- SPRWS IT department uses the same job classifications as the City's IS organization. If positions are eliminated in OTC, there may be bumping rights impact on SPRWS.
- If COMET is to be a priority, we need to ensure that IS has enough staff to get it done.
- It has been suggested that OTC explore sharing and reducing cost via partnership with Ramsey County. A conversation with Ramsey County was held, but no cost sharing ideas are immediately feasible.



City of Saint Paul

Interdepartmental Memorandum

To: Margaret Kelly, Director
Office of Financial Services

From: Mike Hahm, CPRP
Director, Parks and Recreation

Date: 2/6/2009

Subject: Parks and Recreation 2009 Budget Reduction Proposal

I. The Mayor's Strategic Plan includes the following goals:

- **Ready for School, Ready for Life**
- **Safe Streets and Safe Homes**
- **Expanding Economic Opportunity**
- **Quality Way of Life**

To arrive at the proposed reduction goals, Saint Paul Parks and Recreation reviewed performance goals, considered key programs, looked for opportunities where the continuation of services through efficiencies and economies of scale could be realized and considered the existing City or community partners who could deliver similar or related programs and services, and maintain priorities that include;

Accessible Recreation Services

Quality over Quantity

Maintain a Free Zoo and Conservatory that helps make Saint Paul a beautiful city

Continue to foster Saint Paul as a healthy city by providing access to active living activities

Due to the current economic environment, Parks anticipates an increase in the use of services department wide. Parks has to be prepared for an increase in demand for Parks & Recreation services. The following are our strategies to achieve our goals and maintain priorities:

I. Continue the Restructure of Recreation Services- Quality over Quantity

Re-partner, close and adjust City's commitment to eight recreation centers and restructure remaining recreation services. This change represents an accelerated strategy identified in our Vision Plan. It does not immediately address the addition of amenities or resources to replace those that are lost.

Re-partner - Baker, Griggs, Margaret

Close - Sylvan, Prosperity, Front

Adjust Commitment - Wilder, South St. Anthony

Impact

The **re-partnering, closure and commitment adjustment of eight centers** will impact Recreation Services in Saint Paul by potentially reducing the number of facilities by 24 percent. This strategy would leave 25 City Operated Centers in Saint Paul. In 2006, there were 42 centers. Implementing this strategy would be consistent with the emphasis of quality over quantity identified in the Parks and Recreation vision planning process and comprehensive plan. The strategy does not include resources to reinvest in the facilities that remain. Outside facilities at these centers would still be maintained by Parks. Centers slated to be closed would be razed so outdoor amenities could be improved.

- **Realized Savings - \$1,421,428**
- **FTEs affected: 21.6 in the Recreation Services section and 2.2 in Operations section**
- **18.1 FTEs are presently filled, 3.7 FTEs are vacant and 2.0 FTEs accepted early retirement**

Strategies and Methodology

- In future planning and implementation we will initiate discussions with Libraries to ensure certain areas of the city are not depleted of city services and also pursue any economies of scale achieved by joint programming and staffing models.
- Implementation includes incorporating the current centrally administered Senior Programming and Active Living functions with the recreation center staff. This will result in a net reduction in FTEs.
- In addition to closing centers, hours will be reduced seasonally at some remaining centers, targeting resources to time of highest use.
- For mobile service programs (book mobile, mobile computer lab – Libraries and mobile recreation, climbing wall – Parks) we will pursue inter-department collaboration and planning to maximize and coordinate coverage.
- Management and supervision of the Recreation Services section will be restructured and reduced to reflect the contraction of facilities. This restructuring will include relocating the Aquatics program to recreation services, creating staffing and operational efficiencies.
- Opportunities to re-partner facilities that are closed by working with other agencies will be pursued.
- We will leave the Facility Manager title at Oxford Community Center vacant.
- We intend to refocus resources on sites with exceptional amenities such as: fitness rooms, high quality gym space or multiple gyms, dance rooms, walking tracks and other recreation spaces that are appealing. These sites include: Battle Creek, El Rio Vista at the Wellstone Center, North Dale, Jimmy Lee at the Oxford Center, Hillcrest and Linwood.
- Also offer extended hour programming at these sites from early morning to late evening (7am-9pm as an example) and school year Saturday and Sunday hours.
- At the other recreation facilities, the focus will be on after-school hours, most likely between 3-8pm. This model provides consistency in building hours, focuses resources at all sites during the after-school time, and offers extended hours where the facility provides space for this type of programming.

Principles used in evaluating sites:

- Sites where there is no free structured after-school program such as Rec Check, or sites where the after-school program could be supported in other ways, such as to send Recreation staff to the nearby school.
- Sites with fitness rooms and fitness equipment remain open to support the community's active living initiative.
- Sites are those with generally lower participant numbers for building based activities.
- Sites with older buildings have limited appeal and limited useful programming spaces.

- Outdoor spaces and amenities will continue to be maintained and available to the public.
- Geographic distribution.

II. Consolidate and Restructure Main Office Support staff

Impact

As the volume of work from direct services to the public decreases, the need will be reduced for the amount of staff time to support those activities in our main office. The impact will be felt on internal service customers in Parks and Recreation. Payroll staff is affected, limiting our ability to respond to inquiries while ensuring payroll is completed on time. To be effective, this reduction has to be commensurate with service reductions in front line activities.

- **Realized Savings - \$204,805**
- **FTE's affected: 2.0 in the Office Support and Finance and Planning section**
- **2.0 FTEs are presently filled**

Strategies and Methodology

- Consolidate Office Support Staff and coordinate duties
- Implement a strategy that office support staff are trained to work across sections.
- Transfer responsibility for some support functions
- Share payroll duties among remaining staff

III. Restructure the Special Services Section

Impact

The restructuring of the Special Services section will affect residents who use our golf courses, the different patrons of Harriet Island, and residents who use Park Security staff for different occasions. People who go to Midway Stadium for Saints games or other special events will see increases in parking fees. The Aquatics program will consider having Phalen Beach designated as an “unguarded beach.” Our internal parks and recreation support service will be affected as the Safety Office consolidates staff and restructures.

- **Realized Savings: \$726,302**
- **FTEs affected: 17.0 in Special Services**
- **10.0 FTEs are presently filled, 6.0 FTEs are vacant and 1.0 FTE accepted early retirement**

Strategies and Methodology

- The Golf program will take the first step towards a staffing restructure. Site leadership has been studied and at this point we feel we can reduce 1.0 FTE Golf Pro Manager and assign those duties to the remaining Golf Pro Managers. This strategy will allow a General Fund Savings by transferring the Special Services Manager FTE to Fund 325. We will look to continue discussions with Ramsey County to further explore efficiencies in the golf program.
- The Parks Security program will be greatly reduced and be repositioned to focus on essential functions. Any gains the program made in 2008 and planned for 2009 have been eliminated.
- The Aquatics function will be moved to Recreation Services and that will realize savings in the supervision structure of the Aquatics program and those functions will be the responsibility of the Citywide Programs Coordinator.
- We will consolidate and restructure the Safety Office to integrate with Recreation Services.

- The general fund budget subsidy that supports Midway Stadium will be eliminated and will have to be recouped by increasing Parking Fees at the Stadium. We will communicate and include our partners in the discussion before moving ahead on this strategy.
- Como Pool will be closed in 2009, so we will realize savings from that closure. It should be noted, however, that when a new pool is built on the site, there will be a need to establish a new budget for Como Pool.
- Phalen would become an “unguarded beach” and smaller swimming area resulting in the reduction of 2.5 FTE lifeguards.
- We propose to eliminate WinterSkate. Presently costs far exceed budgeted revenue.

IV. Contract the Operations Section to reflect decreases to the Recreation System and reduced Park Services.

Impact

The contraction of the Operations Section is required in addition to the closure of facilities. With the changes of those centers, there will be less staff needed to support those centers. It will also take at least six months to determine if the remaining level of staff is appropriate for the number of city operated buildings that remain.

- **Realized Savings: \$1,293,526**
- **FTEs affected: 13.4 in Operations**
- **5.7 FTE’s are presently filled, 6.7 are vacant and 1.0 accepted early retirement**

Strategies and Methodology

- Fleet costs go down markedly with the reduction of up to eight centers and staff. This strategy reflects the bulk of the Operations reduction.
- All non essential functions will either be eliminated or become fee based. The Showmobile is not a core service and will be eliminated and the asset sold.
- A savings will also be realized by going to overnight cleaning.
- Other items include eliminating the clerk support delivery function out of the storehouse, full cost recovery for snowmobile users, eliminating general fund support of the arts and gardening program, reducing the number of porta-potties, and eliminating the Parks Greeter function and program.
- We will look to partner with Libraries and Public Works to discuss potential efficiencies that can be achieved by integrating building cleaning functions and/or grounds maintenance.
- Parks and Recreation support for the Downtown Holiday Lights program will be eliminated.
- The Parks and Recreation Maintenance Supply Fund will be accessed to initiate the compensation of overhead charges to the General Fund.

V. Reduce Como Campus Staff

Impact

At Como Campus, we will not restructure the effective management and supervision structure that is in place. We won’t fill vacant staff positions resulting from the retirement incentive at the Conservatory and Zoo and this will have an affect on the presentations offered to the visitors to the Como Campus.

- **Realized Savings: \$184,045**
- **FTEs Affected: 3.0 at Como Campus**

- **2.0 FTEs are presently vacant and 1.0 FTEs accepted early retirement**

Strategies and Methodology

- Detail plans to increase revenue streams by increasing voluntary donation revenues.
- Modest reduction to Zoo and Conservatory collections staff.
- Initiate discussions with Como Friends to leverage non-profit resources and maintain an effective public private partnership.

TOTAL EXPENDITURE REDUCTION SAVINGS: \$3,830,106

TOTAL FTE REDUCTION: 59.3 (17.4 vacant, 6.0 early retirement & 35.9 presently filled)

VI. Unemployment

Impact

There will be costs associated with staff layoffs and the early retirement incentive that will require identifying a funding source.

Strategies and Methodology

- We will use a one time funding source to cover unemployment costs associated with staff layoffs.
- The source identified is the Parks & Recreation Supply and Maintenance Fund. This will still leave adequate fund balance reserve.

VII. Additional Opportunities for Partnership Savings and Reinvestment

Impact

There are exploratory conversations related to potential opportunities for capturing savings citywide by reviewing and creatively working across departments to share services. Potential opportunities with Libraries and Public Works are possible because of similar system components.

Enhancing services and reinvesting any captured savings back into the restructured system will be a key component to the future success of Parks and Recreation. Exploring and identifying innovative and creative partnerships for future opportunities will be an increased function moving forward. Working across departments and with existing and new partners will allow for the current and future goal of enhanced service and savings reinvestment throughout the system.

Strategies and Methodology

- We will look to collaborate with libraries on cohesively offering services like the mobile climbing wall and book mobile and mobile computer lab together. We will also collaborate in all ways possible so that we can target services in areas where we are either reducing a library or adjusting a Recreation Center's services from existing levels
- We have had preliminary meetings with public works to look at efficiencies in the trash program and grass cutting.

Examples and preliminary possibilities

- Hillcrest Rec. Center / Highland Library – Explore opportunities for sharing operational costs and offering joint programming alternatives to enhance public services and capture savings

- Special event partners – Work more closely with special event partners to increase contract compliance and reduce post-event financial exposure.
- Pilot parking program – Explore possible fee based parking program at Harriet Island and Phalen Park to capture additional revenue possibilities.
- PED abatement – Current and forecasted economic conditions have signaled increased needs for property abatement services which Parks and Recreation provide for a fee.

DEPARTMENT OF POLICE

CITY OF SAINT PAUL

INTER-OFFICE COMMUNICATION

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TO: Margaret Kelly
FROM: Chief Harrington
SUBJECT: Target Reduction Scenarios
DATE: February 20, 2009

The Saint Paul Police Department's 2009-2010 budget reductions are presented in two different scenarios a 12 month proposal and a 21 month proposal. Each proposal includes cost cutting strategies, revenue generating proposals and the holding open of 51 vacant police officer positions and nine civilian positions. In addition, both proposals include the loss of 5 provisional, part-time and temporary employees. In both proposals our worst case scenario included a combination of the following:

- 35 work-week through furlough
- Department reorganization into two districts (West and East)
- Reduction in the ranks of 3-4 commanders and two sergeants
- Reassignment of 40 officers to patrol duties from specialty assignments (FSVU, Gangs etc)
- Laying off of an additional 67 sworn officers and 23 civilians.

While neither plan is ideal, the 21 month proposal we believe will allow us to make our requested budget cuts without employing any of the worst case strategies. In addition we believe that if we employ the revenue generating ideas we would be able to make our budget and not need to use several of the less desirable strategies thereby reducing the harm to the citizens of Saint Paul, the employees and the economy.

Our plan will also have a significant impact on the department's ability to implement many of the Berkshire report recommendations. Specifically, the ability to expand information management, civilianization, training, supervision, patrol deployment, establishing a felony response unit, community outreach, and diversity recruitment will be adversely effected. There are, however, some recommendations that can be moved forward including leadership and management issues, organizational structure, inspections, functions of police officers, overtime, and the civilian review board.

Due to the current economic and employment situation our city, state and country face, we can expect a steadily increasing rise in robberies, burglaries, domestic assaults and numerous fraud and theft crimes. If history is our best teacher, during times of economic distress, drug use, mental health issues and depression have become more acute. This rise will translate into increased calls for service which will tax even further our already limited resources.

Some of the resulting impact from these reductions will include;

Reducing or eliminating some specialty units such as the Bomb Squad, SWAT and Hostage Negotiators which will have an impact on our ability to handle certain situations and may require the department to request assistance from other municipalities more often.

Closing of Southwest Team and the Ben Doran Center may result in an erosion of community connection and commitment to the officers assigned to these locations.

Our ability to continue our efforts to drive down domestic violence and the tracking of 900+ sexual predatory offenders will be hampered as we will need to reduce and reallocate personnel.

The Force Unit would be reduced there-by increasing case volume and lag time in responding to vacant and problem properties. This will have a significant impact on quality of life issues for our citizens.

Traffic investigations might be reduced to only fatal or serious accidents. The potential negative impact of this would be increased traffic delays as accidents will block lanes of traffic and a notable increase in our response times

Canine Unit would be reduced requiring more officers to handle crime scenes. Additional officers would be required for officer safety when conducting felony and building searches. Illegal narcotics and explosive devices would be more difficult to detect without the trained canines.

The Training Unit would be reduced by five officers leaving only staff for minimal and mandatory training. Negative impact would be an eventual erosion of skills in officers. Shooting qualifications would be substantially curtailed and a commensurate reduction in officer proficiency may occur. Officers will not be exposed to a more diverse range of sensitivity training related to immigrant concerns, mentally ill or handicapped citizens.

The Mounted Unit would be restructured or discontinued. Horses are considered a force multiplier so negative impact would be less crowd control resulting in the need for more officers.

The crime prevention coordinator's programs would be discontinued including Graffiti, Crime Free Multi Housing and National Night Out. Negative impact would be decrease in quality of life, reduction in property values, and an increase in gang disputes.

These examples are just a sampling of the impact we expect to see as a result of making these cuts. I will be happy to go into greater detail on the proposed cuts and other ideas presented at your convenience.

Finally while it is not in our proposal we believe that further discussion of a 2010 buyout at less than 100 percent should be initiated to realize the salary savings that would accrue due to retirement of senior staff and the eventual hiring of lower paid junior staff. I also would suggest that there are several contractual concepts that would require bargaining with the 11 labor organizations that support the St. Paul Police employees. These ideas require further study and in some cases negotiation before they could be included in our proposal.



CITY OF SAINT PAUL

Christopher B. Coleman, Mayor

*1500 City Hall Annex
25 West Fourth Street
Saint Paul, Minnesota 55102
Fax: 651-266-6222*

TO: Mayor Coleman
Ann Mulholland
Margaret Kelly

FROM: Bruce Beese

DATE: February 6, 2009

SUBJECT: 2009 Budget Reduction Scenarios

It has been a wild week. Since last Thursday when we learned that thinking about our General Fund revenue problem also included the possibility that special funds would be impacted, we have accomplished a great deal. Employees in my department have spent time thinking and offering ideas; division management staff and I prepared the attached list of reduction proposals; and I am proud to report we have reached your target. I spent all of my afternoon this past Wednesday with between 150 and 200 of our employees engaging them in conversation and making them aware of the contents of this memo.

I have three things that I bring to you today:

1. The list of reduction proposals by fund that reach your targeted amount;
2. A list of concepts that are in formative stages that may yield better service or cost reduction; and
3. My view that Public Works services offer excellent value to our customers.

Reduction Proposals

First, I want to thank you for the proactive work of the Administration on ways that we may reduce our spending on personnel. You will see throughout our document that as appropriate, we are taking advantage of vacant positions and early retirement incentives. These measures have given us a good head start to reach our targets.

Last week, you indicated that we should not be afraid to suggest changes that we have sought in the past that were not achieved. Our reduction scenarios include these items. They may not necessarily align with General Fund needs, but I would be doing a disservice to my department if I were not clear we find no value in them.

Some of our reduction scenarios are hard choices. However, when a large reduction is sought, “more with less” does not work and a program or service needs to be reduced. Two difficult choices in particular are Traffic Calming and street lighting reductions.

Our reduction list is attached, totaling \$250,000 for the General Fund and \$7.3 Million for special funds. We look forward to our conversation with you on these proposals next Tuesday.

Concept List

Parking meters: We heard a presentation recently that has the potential to bring our meter technology into the 21st Century, and increase our collections. Culture change will be needed. We are working on issue identification and will involve the Police to have a complete discussion. At this time, there would be no capital cost to the city. All that said, municipalities that have been early adopters of this technology have been dissatisfied with the results and financial windfalls predicted have not been realized. We think it is important to review this concept, but we do not see it as the panacea proposed by the contractor or their lobbying partners.

Reduced Bonding in 2009 and 2010: We believe very strongly that it is important to keep moving forward even with a reduced program for our residential street paving. Reconstructing streets improves the community “living room” and results in a significant increase in private improvements to homes. The program also results in maintenance savings of \$13,000 per mile, or \$130,000 per year. Maintaining our engineering revenue now is particularly important because stimulus funding for projects will flow through consulting firms. If we lay off our up and coming engineers, firms will pick them up and we will never get them back. While we could hire a crop of fresh graduates at some point, the loss of bench strength and the associated training costs would be devastating to our department.

Adopt a Street: While we have not completely explored this idea, I believe it is time to explore an “adopt-a-street” or an “adopt-a-block” program. It is unclear what budget savings this might generate, but it certainly would help us keep our streetscapes cleaner and also work to build the community spirit and pride of place that connect people to Saint Paul.

Load and Pack Project with Parks: Coordinating more litter basket tipping with Parks helps us move toward another one of our elusive goals. You may remember that we had load and pack equipment and containers in the 2008 budget, only to be cut at the City Council level when we made our mid-year adjustments last year. This reduction was shortsighted because tipping our street litter containers mechanically rather than physically will reduce our injury risk and pay off for the future in reduced workers’ compensation spending. Expanding our pilot projects with Parks may help to save up to one of their staff, and it will reduce our injury risk.

Voluntary Leave: Some of our employees are interested in voluntarily reducing their hours. We have not yet fully gauged this interest or priced out its affect. The value of this concept will become clearer in the next week or two. Since most of our revenue is non-General Fund, it is not expected to save much.

Excellent Value

I feel very strongly that Public Works services in Saint Paul are an excellent value to our customers. I have evidence of this on two levels: my own personal experience and that of independent agencies such as the Metropolitan Council and the Office of the State Auditor.

Personally first. A comparison that I use as a yardstick of our services is what I pay my trash hauler for weekly collection. I pay him approximately \$75 per quarter or \$300 per year. Let us make the direct comparison first, to weekly recycling collection. As a homeowner in Saint Paul, I will pay \$30 this year, 58 cents per week for weekly recycling, one tenth of what I pay for trash collection.

Next, I would like to compare sanitary sewer fees. The sanitary sewer portion of my quarterly water bill is approximately \$50 or \$200 per year. Again – this is considerably lower than my trash collection. For health and safety benefit, this is a tremendous value.

Our Right-of-Way Maintenance Charge is also quite reasonable. I will pay approximately \$140 this year to have my street and alley swept and maintained, streets plowed so I can move about, street lighting, and so many other services like litter, tree maintenance and sidewalk maintenance.

But do not just take my word for it. The Metropolitan Council surveyed municipalities in their service area in 2004 about sanitary sewer charges. Of 101 communities surveyed, Saint Paul ranked 27th in terms of annual residential cost. Perhaps more important, our rank of 27 does not speak to how close these annual charges are from 27 to 101.

The Office of State Auditor has a section on their website to find financial information on a specific community. This page breaks down spending by classification, per capita and a rank based on that per capita spending. For 2007, Saint Paul's spending on roadways was \$148.97 per capita, and ranked 193 out of 221 communities listed. Even Minneapolis, who has great difficulty obtaining enough budget for street repairs ranks 145 of 221.

This is a difficult process citywide, and I appreciate the openness you and your staff have had to discussing how it might work. I look forward to our continued conversation next week and the rest of this month as we come to conclusions.

My pledge to discuss this with my employees also can apply upward. I will be available to discuss these proposals with you at any time, for as long as needed. Feel free to contact me at 266-6099.

kag

Enc.

cc: Chris Eitemiller

Bruce Elder

Gary Erichson

Rhonda Gillquist

Dan Haak

Paul Kurtz

John Maczko

Ron Mundahl

Kevin Nelson

Paul St. Martin



Interdepartmental Memorandum

CITY OF SAINT PAUL

DATE: 11 February 2009

TO: Mayor Chris Coleman

FROM: Cecile Bedor

RE: 2009/2010 PED Budget Reduction

cc: Council Member Dave Thune
Margaret Kelly

PED was asked to develop a plan to reduce its operating budget and/or increase revenue by \$1,068,603. Attached is an excel spreadsheet with the details of our proposal, which is also summarized in this memo.

BACKGROUND

History of PED

PED was created in 1976 by combining two agencies in the Mayor's office: city planning and community development. About the same time the City Council became the Commissioners of the Housing and Redevelopment Authority, and the Port Authority, which the City had considered including in PED, was left as an independent agency.

This history is summarized in a chapter from the 1989 book *The Saint Paul Experiment: Initiatives of the Latimer Administration*, which captures the ferment of the last time the City examined how to organize all of its planning and development functions. Following is a brief history of the changes that have taken place over the years in PED's mission:

1. At its founding, the Port Authority remained separate, and the public housing mission, funding, and staff were spun off into the Public Housing Agency.
2. In 1992, PED spun off its one true economic development mission when it sold its SBA-certified 504 lending company SPEDCO, which packaged large SBA loans from which it generated fees.
3. In 1995, PED spun off its riverfront visioning mission to the Riverfront Corporation, and its downtown development mission to the Capitol City Partnership.

4. Sometime after 1995, as part of *Process Redesign*, PED spun off its historic preservation and site plan review mission to what has become the Department of Safety and Inspections.
5. In 2000, PED spun off its workforce development mission when it merged its funding and staff into Ramsey County.
6. Last year, PED spun off its compliance and Minority Business Development and Retention Program into the new department of Human Rights and Equal Economic Opportunity.

The history of PED since its founding is also one of progressively declining resources as entitlement funding (e.g. CDBG), competitive funding (e.g. Urban Development Action Grants), and local funding (e.g. STAR) have declined, been eliminated, or been allocated to specific purposes. On top of this, PED's authority under the HRA has also dramatically declined with the effective elimination of eminent domain as a tool to foster private redevelopment.

PED's primary work now consists of the following:

1. Comprehensive and neighborhood planning, though work on the Comp Plan is almost finished for another decade.
2. Financing primarily affordable housing development, with some market-rate
3. Administering various home loan programs which were developed at a time when interest rates were 12% or higher.
4. Administering small commercial incentive loan programs, much of which are in the form of forgivable loans, so the money doesn't recycle.
5. Harnessing resources from all ED partners to retain existing and recruit new businesses.
6. Administering grant programs including Community Development Block Grants, the Cultural and Neighborhood STAR programs, the state contamination cleanup grant programs, and contracts that support a wide range of community based organizations.
7. Addressing the mortgage foreclosure crisis through Invest Saint Paul and other crisis counseling programs with resources that are inadequate to address the magnitude or the extent of the problem.

The time may be right to reorganize PED. While I have a preliminary plan, it seems imprudent to reorganize until the work of the organizational consultant, B Squared, is completed in late March or early April. The findings and recommendations of B Squared will inform any reorganization plan. It is assumed that the implementation of some of the expected recommendations will lead to changes in PED funding/budget needs.

Performance Objectives

All City departments were asked to develop outcomes to help focus our efforts on work that will have a measurable, positive impact on the City of Saint Paul. PED 2009 Performance Objectives include the following:

Objective 1: Improve and reoccupy strategically located vacant properties with homeowners.

Objective 2: Take full advantage of the economic development opportunities created by the construction of the central corridor light rail line by completing Penfield, Bremer block, and Frogtown Square.

Objective 3: Ensure work force needs of Saint Paul companies are met. (Revised proposal on this objective is forthcoming.)

Objective 4: Work with Economic Development Partners, Saint Paul Public Works, and Saint Parks & Recreation to beautify the public realm on 5th and 6th Streets between Wabasha and Jackson.

These performance objectives were considered in determining which positions to eliminate. Implementation of these performance objectives will not be compromised by this proposal.

PROPOSAL

Following is a summary of PED's budget reduction/increased revenue proposal.

FY 2009: *Required reduction is \$802,043 – approximately nine months of required annual permanent required reduction of \$1,068,603.*

Spending Reductions

Personnel Cuts:

- Eliminate three, currently vacant positions.
- Replace upcoming Planning Administrator position with existing Senior Principal Planner. Leave the resulting Senior Principal Planner vacancy vacant.
- Eliminate, on April 1, 2009, two Office Assistant II positions.
- Eliminate, on April 1, 2009, Project Management Tech.

PED Operating Expense Cuts:

- Reduce staff training budget by \$10,000
- Reduce printing costs by \$10,000
- Reduce City Attorney use from 2 FTE to 1.5 FTE, saving \$87,950
- Eliminate HRA Board Travel, saving \$5,000
- Reduce Rental Housing Monitoring costs by \$2,500

Other Expense Reductions

- Eliminate \$84,322 in staff assistance

Revenue Increases

- \$34,000 - eligible shift of CDBG funds OFS to support accounting services provided on behalf of federally-funded activities.
- \$25,000 - eligible shift of TIF Admin funds to OFS
- \$30,000 – eligible shift of Cultural STAR funds to partially pay for Cultural Development staff.
- \$60,000 – reduce PED Operating Reserve

FY 2010

Spending Reductions

Additional Personnel Cuts:

- Eliminate, on January 1, 2010, one Economic Development Position IV.
- Eliminate/shift funding for Civil Engineer II Position. (Eliminate from PED budget, but shift a portion of the anticipated Neighborhood Stabilization Program dollars to pay for this person's work on NSP activities, thereby delaying layoff.)
- Eliminate Principal Designer Position on 10/01/10. (We will utilize this position to assist with ISP\NSP activities through the first three quarters of 2010)

Additional Operating Expense Cuts:

- None

Revenue Increases

- No new revenue increases. No use of PED Operating Reserve.
- Continue to work with the private and philanthropic community to leverage the development opportunities along the Central Corridor. To date, the Mayor has brought \$2.45 million in philanthropic funding to the City for Central Corridor development planning and implementation.

RE-ORGANIZATION

As noted briefly above, the Mayor's Economic Development task force has retained a consultant (using private funds) to review the mission and work of each Economic Development partner organization. This analysis may lead to a shift in the functions/roles of the various organizations, thus revealing a more efficient organizational structure. That work is scheduled to be completed by the end of March. Implementation of some or all of anticipated recommendations, may lead to additional changes in PED staffing structure and budget.

OTHER POTENTIAL COST SAVINGS/REVENUE-GENERATING IDEAS

At PED's all staff meeting earlier this month, I asked PED staff to think about other ways we could reduce our expenses and increase our revenues. We need to spend time considering those suggestions, examples of which include:

- Contract with Ramsey County to provide HRA-related services.
- Work to increase administrative fees on TIF districts from 10% to 15% as costs to administer TIF have gone up since this rule was established in the 1990s.
- Review bond fee schedule again. (This was done within the last 18 months or so.)
- Charge new origination fee on closed bonds deals that must be acted upon again by the HRA Board.

- Charge an administrative fee to pass-through grants secured by PED/HRA.
- Consolidate staff onto three floors. (We're currently spread out over four floors.)
- Utilize Cultural STAR for staff time required to ensure Cultural STAR and funded projects are properly administered.
- Home Loan Fund: We have also done an analysis on the Home Loan Fund. At this point, the demand is significant for rehab loans or purchase with rehab loans. While these services are provided in the private market, they are limited and the level of technical rehab assistance is minimal at best. Given the level of rehab some of our vacant housing requires, HRA-provided technical assistance is very extremely valuable. In order to meet the demand for this product, in the last 60 days the HRA received approval to be a Minnesota Housing Lender; received approval to implement a Mortgage Certificate Program; and requested Minnesota Housing to increase its rehab dollar limits. We are working now to establish production goals and will monitor this work against the private market to ensure this service is still necessary to increase homeownership and improve our housing stock.

OUTSTANDING ISSUES

- Loss of TIF Admin Fees: As you know, PED has partially supported its operating budget with approximately \$1.0 million in TIF admin from the downtown TIF District. The plan endorsed by the Mayor and City Council/HRA Board to address this loss is as follows: \$2,694,000 remaining in the Downtown TIF District transferred to PED/HRA. PED/HRA gradually spends this down as it increases its levy to replace this lost revenue.
- Loss of Operating Support from HRA Fund 117: As we've been discussing over the last two years, and again at the summer budget meeting with the Mayor, Fund 117 will have close to a zero balance at the end of 2009. In 2009, Fund 117 is budgeted to transfer \$1,197,000 to the PED Operating Fund. These funds will no longer be available in 2010. We can use some of the \$2,694,000 in TIF admin noted above to get us through 2010. Going forward, we will need to identify new funding sources or cut the operating budget further.
- MBDR Personnel & Program Support: \$692,000 is budgeted to be transferred to the Human Rights, Equal Economic Opportunity department in 2009, \$350,000 of which is provided by Fund 117. Again, these funds will not be available in 2010 and this issue will need to be addressed.
- Transfer of Funds from PED/HRA to City of Saint Paul General Fund: OFS, CAO and PED need to determine what funds (in addition to the revenue shifts in our proposal) can be transferred to and used by the City's General Fund. Based on a preliminary review of funding sources, it appears that the HRA levy may be the only eligible, significant option. This may pose a challenge given the needs noted above.

IMPACT OF PROPOSAL ON PED/HRA PRODUCTION

There are a number of variables that must be addressed before we can fully answer the question as to how this proposal will impact our service to the City of Saint Paul:

- The B Squared recommendations will inform our future decisions regarding mission/role/responsibility.

- The manner in which the TIF and Fund 117 challenges are addressed may impact service delivery.

Notwithstanding these concerns, I anticipate that we will be able to implement the Performance Objectives noted on page 3 above.

Please contact me with any questions.